Philip S. Abrahams
Senior Attorney

13th Floor
227 West Monroe Street
Chicago, Illinois 60606
312 230-2845

January 27, 1997

HAND DELIVER

Mr. Ed Wynn
Vice President and General Counsel
Ameritech Information Industry Services
250 North Orleans, Floor 3
Chicago, IL 60654

re: AT&T/Ameritech Interconnection Agreement
State of Michigan

Dear Ed:

As you are aware, AT&T and Ameritech have been unable to agree upon the appropriate prices to be included in the Pricing Schedule to the Interconnection Agreement. Specifically, as outlined in our letter to the Michigan Public Service Commission on January 17, 1997, and our letter to your counsel in Michigan on January 17, 1997, we do not agree with your attempt to substitute the pricing for a "port" under Michigan law as established in Case No. U-11156 for unbundled local switching. We believe that such action is inconsistent with the arbitration decision. Also, the parties are unable to reach agreement as to the appropriate proxy charges for Shared Transport to be incorporated from Ameritech's access tariffs.

In order for AT&T to proceed with its plans to enter the local market in Michigan, AT&T needs to have an executed Interconnection Agreement with Ameritech. Therefore, to prevent further delays in our business plans, we are executing a modified version of the Interconnection Agreement delivered to me by Ron Lambert on January 15, 1997, which has been represented to be the same as the version submitted by Ameritech to the Commission on January 16, 1997. The only changes to your January 16th filing were made to the Pricing Schedule to reflect the appropriate prices for unbundled Local Switching and ports. These changes are consistent with Ameritech's Submission to the Commission on January 21 in Case U-11280.

Although AT&T has agreed to execute the Interconnect Agreement, by such action AT&T is not waiving its right to challenge Ameritech's interpretation of "Shared Transport," the arbitration decision of the Commission, or any other aspect of the Agreement that AT&T believes is contrary to the Telecommunications Act of 1996. As provided in Section 29.3 of the Agreement, should the arbitration award be modified as a result of an appeal, or subsequent order of the Commission, the Agreement will be modified accordingly.

Enclosed are five executed copies of the Interconnection Agreement which have been executed on behalf of AT&T by our Vice President, Bridget B. Manzi. Please have the Agreement executed on behalf of Ameritech and return two fully executed copies to me. You should also file one executed copy with the Commission. The Effective Date should be inserted as the date of execution by Ameritech.

Please immediately advise me if the Interconnection Agreement, as executed by AT&T, is not acceptable to Ameritech.

Sincerely,

Phillip S. Abrahams

cc: Larry Salustro
Kent Pflederer

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of MCI TELECOMMUNICATIONS CORPORATION for arbitration to establish an interconnection agreement with Ameritech Michigan.	)))))	Case No. U-11168

At the December 20, 1996 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. John C. Shea, Commissioner
Hon. David A. Svanda, Commissioner

ORDER APPROVING AGREEMENT ADOPTED BY ARBITRATION

I.

HISTORY OF PROCEEDINGS

On August 30, 1996, MCI Telecommunications Corporation (MCI) filed a petition for arbitration regarding the prices, terms, and conditions for interconnection and related arrangements with Ameritech Michigan, pursuant Section 252(b) of the federal Telecommunications of Act of 1996 (FTA), 47 USC 252(b). In accordance with the procedures adopted by the Commission's July 16, 1996 order in Case No. U-11134, which established the framework for conducting arbitration under the federal act, MCI also filed proposed exhibits.

Administrative Law Judge James N. Rigas and Commission Staff members Thomas L. Saghy and Rodney P. Gregg were assigned to preside over the arbitration proceedings.

On September 24, 1996, Ameritech Michigan filed its response to MCI's petition.

On October 4, 1996, the parties submitted a status report identifying the issues, their respective positions, and whether issues were open or resolved. On October 16 and 17, 1996, Ameritech Michigan and MCI, respectively, submitted proposed decisions to the arbitration panel.

On October 24 and 25, 1996, the parties made oral presentations to the arbitration panel in support of their positions. On October 31 and November 22, 1996, the parties identified additional issues as resolved.

On November 26, 1996, the arbitration panel issued its decision. Ameritech Michigan and MCI filed objections to the decision of the arbitration panel on December 6, 1996.

II.

DISCUSSION

The arbitration panel's decision identified and proposed resolutions for 40 contested issues. It now appears that 12 of the issues are no longer contested. In their objections, neither Ameritech Michigan nor MCI raised any objection to the arbitration panel's disposition of Issues 2, 3, 10, 14, 30, 33, 36, 45, and 48. In addition, the objections raised with regard to Issues 26 and 35 are limited to pointing out that those issues have been resolved by the parties, and Issue 23 was previously resolved by the parties.

In analyzing the remaining contested issues, the Commission has grouped the issues by subject matter rather than addressing them sequentially. Additionally, to further expedite the decision process, determinations reached by the arbitration panel regarding issues not discussed in the body of this order are considered by the Commission to have been properly and finally

resolved for the reasons set forth in the arbitration panel's decision. In making its determinations, and in evaluating the panel's determinations, the Commission has adhered to the decisional principle in the July 16, 1996 order in Case No. U-11134: The decision on an issue should be limited to selecting the position of one of the parties on that issue unless the result would be clearly unreasonable or contrary to the public interest.

Pricing Provisions

With respect to Issues 5, 18 through 22, and 25, Ameritech Michigan argues that the panel failed to recommend prices based on the company's costs and failed to consider its comprehensive reformulated cost studies.

The panel recommended that its proposed prices be implemented until the Commission approved new prices based on better cost studies. In an order issued on December 12, 1996 in Cases Nos. U-11155 and U-11156, the Commission approved for implementation, on an interim basis, Ameritech Michigan's revised total service long run incremental cost (TSLRIC) studies and the resulting prices at issue in those dockets. Therefore, those prices should be substituted for the recommendations of the panel. Also on December 12, 1996, the Commission commenced a proceeding in Case No. U-11280 to examine Ameritech Michigan's TSLRIC studies and to determine the prices of interconnection services. When that proceeding is completed, those prices will be implemented in MCI's interconnection agreement. This modification of the panel recommendation addresses many of Ameritech Michigan's concerns. To the extent that the panel recommended prices for which the Commission has not approved another price, the panel's recommendations are adopted. The Commission is not persuaded by Ameritech Michigan's assertion that implementation of the panel's findings would violate state

or federal law, unconstitutionally take Ameritech Michigan's property without just compensation, or jeopardize its financial integrity.

With regard to Issues 27 and 28, Ameritech Michigan objects to the panel's recommendation that a 26.88% discount should apply to wholesale purchases by MCI of Ameritech Michigan's services for resale. It requests the Commission to approve the service-specific wholesale discounts it proposed or, as an interim measure, to adopt a uniform 22% discount as the Commission did in the arbitration proceeding between Ameritech Michigan and AT&T Communications of Michigan, Inc., (AT&T) in Cases Nos. U-11151 and U-11152.

The Commission finds that it should approve, on an interim basis, a wholesale discount rate of 22%, as it did for AT&T, for the reasons discussed in the November 26, 1996 order in Cases Nos. U-11151 and U-11152.

With respect to Issue 43, Ameritech Michigan objects to the panel's recommendation that each carrier pay its own costs of interim number portability. It says that the FCC's rules require the costs of interim number portability to be allocated in a competitively neutral manner.[1]

The Commission agrees and concludes that each party shall bill the other party for interim number portability at the rate approved by the Commission. The payment of charges for interim number portability shall be deferred until the FCC or the Commission establishes a methodology for recovery of costs to provide interim number portability. Any payment resulting therefrom shall be subject to the conditions of applicable FCC and Commission orders. This is the same arrangement as the Commission has also approved in today's order in Case No. U-11098 for interconnection between Ameritech Michigan and MFS Intelenet of Michigan, Inc.

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[1]First Report and Order, In the Matter of Telephone Number Portability, FCC Docket No. 95-116 (July 2, 1996).

MCI raises a general objection to the panel's pricing determinations (such as Issue 46) to the extent that implementation of those prices might result in discrimination, i.e., MCI paying higher rates for elements or services than AT&T pays as a result of its arbitration with Ameritech Michigan. MCI urges the Commission to ensure that, whatever interim rates are approved in this order, Ameritech Michigan should not be permitted to charge MCI higher rates than it charges AT&T.

The order issued on December 12, 1996 in Cases No. U-11155 and U-11156 established rates that supersede some (but not all) of the pricing recommendations of the panel. Those same rates are also in effect for AT&T. To that extent, discrimination is avoided. To the extent that differences still exist for other elements or services, the Commission concludes that this arbitration proceeding is not the proper forum to determine the extent to which MCI may choose to pay any lower rates approved in AT&T's arbitration proceeding.

Transiting

Issue 8 concerns whether Ameritech Michigan must offer transiting service. Transiting service refers to the delivery of traffic between MCI and a third-party local exchange carrier (LEC) by Ameritech Michigan through use of Ameritech Michigan's local/intraLATA trunks. Ameritech Michigan insists that nothing in the FTA or the FCC's First Report and Order[2]

[2]First Report and Order, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers, 61 Fed. Reg. 45476 (1996) (codified in 47 CFR pts. 1, 20, 51, and 90), stayed in part pending appeal in Iowa Utilities Board v Federal Communications Comm, decided October 15, 1996 (CA 8, Docket No. 96-3321 et al.).

requires it to provide transiting service. Ameritech Michigan has agreed to provide transiting to MCI, but objects to a finding that it is required to offer the service.

The Commission finds that Ameritech Michigan's objection to the panel's determination should be rejected, for the reasons given by the arbitration panel and discussed in the November 26, 1996 order in Cases Nos. U-11151 and U-11152.

Directories

Issue 42 concerns whether Ameritech Michigan must list MCI's customers in the yellow pages directory as well as in the white pages directory.

MCI had proposed that primary listings of its customers should be included in Ameritech Michigan's white and yellow pages directories. Ameritech Michigan proposed that such listings should be limited to its white pages directories. The panel adopted MCI's position.

The Commission finds that the arbitration panel's determination should be reversed. As discussed in the Commission's November 26, 1996 order in Cases Nos. U-11151 and U-11152, Section 251(b)(3) of the FTA imposes a duty on all LECs to permit competitive providers to have nondiscriminatory access to directory listings. In Section 271(c)(2)(B)(viii), Congress indicated that a regional Bell operating company (RBOC) can comply with the so-called competitive checklist requirements if its interconnection agreement includes a provision permitting the customers of competing carriers to have white pages directory listings in the RBOC directories. That section thus undermines MCI's position that the FTA requires Ameritech Michigan to permit access to both its white and yellow pages directories.

Branding

Issue 29 concerns Ameritech Michigan's branding or unbranding of services. Ameritech Michigan argues that the panel went too far in requiring that MCI be permitted to brand resold services or, if that were not technically feasible, that Ameritech Michigan be required to unbrand the services.

The Commission is unsure from the panel's proposed decision that its recommendations are as broad as Ameritech Michigan fears. Ameritech Michigan is correct that it is not required by the FCC's rules to brand all services at all points of customer contact. Ameritech Michigan is therefore required, as it acknowledges and the panel decision discusses, to permit MCI to brand its operator assistance, directory assistance, and call completion services when technically feasible. The burden to demonstrate that branding is not feasible rests with Ameritech Michigan. The parties are also free to agree, as they have, to additional branding requirements.

Access to Ameritech Michigan's Real Property

With respect to Issue 41, Ameritech Michigan objects to the panel's recommendation that it be required to provide access to real property owned, leased, or otherwise controlled by it. It asserts that such access is not required by the FTA or the FCC's rules. According to Ameritech Michigan, the term "right-of-way" has a clear legal meaning and is limited to existing rights-of-way over the land of third-parties. Therefore, Ameritech Michigan insists that nothing in the FTA obligates it to create new rights-of-way across its own property.

The Commission finds that the panel's recommendation should be modified. As discussed in the November 26, 1996 order in Cases Nos. U-11151 and U-11152, the definition of rights-of-way should be revised to clarify that Ameritech Michigan is not obligated to create new

rights-of-way across its own property. Accordingly, "rights-of-way" should include easements, licenses, or any other right, whether based upon grant, reservation, contract, law, or otherwise, to use property if the property is used for distribution facilities.

Remaining Issues

MCI asserts that there are issues that it did not raise in its arbitration petition that must be addressed to achieve an interconnection agreement.

The scope of the arbitration is limited to the issues raised in MCI's petition. For that reason, the Commission declines to address the additional issues.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, as amended by 1995 PA 216, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; the Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 USC 151 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, 1992 AACS, R 460.17101 et seq.

b. The interconnection agreement, as adopted by the arbitration panel and modified by this order, should be approved.

THEREFORE, IT IS ORDERED that:

A. The interconnection agreement, as adopted by the arbitration panel and modified by this order, is approved.

B. A complete copy of the interconnection agreement, as adopted by the arbitration panel and modified by this order, shall be filed within 10 days of the issuance of this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

I dissent, as discussed in my separate opinion.

/s/ John C. Shea
Commissioner

/s/ David A. Svanda
Commissioner

By its action of December 20, 1996.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **MCI TELECOMMUNICATIONS CORPORATION** for arbitration to establish an interconnection agreement with Ameritech Michigan	)))))	Case No. U-11168

DISSENTING OPINION OF COMMISSIONER JOHN C. SHEA

(Submitted on December 20, 1996 concerning order issued on same date.)

I am not able to join in the approval of the accompanying order. As I have stated previously, see, November 1, 1996 Dissenting Opinion in Case No. U-11138, the means to reach the result embodied in the accompanying order cannot, as the majority states, arise under federal law. Rather, the Michigan Telecommunications Act, 1991 PA 179, as amended by 1995 PA 216, MCL 484.2101 et seq.; MSA 22.1469(101) et seq., (the "MTA") is the only authority that should control this proceeding.

The MTA quite clearly spells out the necessary process for approving interconnection agreements. Under Section 303(2) of the MTA, the Commission has authority to approve interconnection arrangements between basic local exchange service providers. Indeed, Section 305(1)(b) forbids a basic local exchange service provider from refusing to interconnect. Section 352 sets forth the prices for interconnection. Section 203(1) of the MTA authorizes the Commission to issue orders only after a contested case held pursuant to the Michigan Administrative Procedures Act, MCL 24.201 et seq.; MSA 3.560(101) et seq. No such contested case was convened in this matter and there is no resulting record upon which the

Commission can fashion an order. Instead, this matter has reached conclusion under a federal mandate that is at odds with the due process provisions of the Michigan Administrative Procedures Act.

Failure to observe these mandatory provisions of state law renders this proceeding -- and the interconnection agreement at issue -- fatally flawed. Thus, while settlements between adverse parties should be encouraged, and while the interconnection agreement, as the majority intends to approve it, appears to be in the public interest, I must reluctantly dissent.

John C. Shea, Commissioner

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **SPRINT COMMUNICATIONS COMPANY, L.P.,** for arbitration to establish an interconnection agreement with **AMERITECH MICHIGAN.**	)))))	Case No. U-11203

At the January 15, 1997 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. John C. Shea, Commissioner
Hon. David A. Svanda, Commissioner

ORDER APPROVING ARBITRATION AGREEMENT WITH MODIFICATIONS

I.

HISTORY OF PROCEEDINGS

On September 20, 1996, Sprint Communications Company, L.P., (Sprint) filed a petition for arbitration regarding the pricing, terms, and conditions for interconnection with Ameritech Michigan, pursuant to Section 252(b) of the federal Telecommunications Act of 1996 (the FTA), 47 USC 252(b). In accordance with the procedures adopted in the Commission's July 16, 1996 order in Case No. U-11134, Sprint filed proposed testimony and exhibits to support its arbitration position. On October 1, 1996, Administrative Law Judge Frank V. Strother, Robin Ancona, and Margaret Wallin were assigned to the arbitration panel.

On October 15, 1996, Ameritech Michigan filed its response to the petition and a proposed interconnection contract.

On October 17, 1996, the parties met with the arbitration panel to establish a procedural framework for addressing the disputed issues. At that time, dates were established for the parties to file proposed decisions of the arbitration panel and for oral presentations in support of those proposed decisions.

On November 7, 1996, the parties filed proposed decisions of the arbitration panel. In addition, the parties submitted a joint letter stating that, for many issues, the parties had agreed to accept the results of like issues in the pending Cases Nos. U-11151 and U-11152, the arbitration between AT&T Communications of Michigan, Inc., (AT&T) and Ameritech Michigan. The letter also indicated that the parties had resolved several other issues. On November 14, 1996, the parties made oral presentations to the panel and reported on additional issues they had resolved.

On December 16, 1996, the arbitration panel issued its decision, which identified 13 issues remaining in dispute. For each of those issues, the panel stated its decision and the rationale underlying its determination and the language from the proposed agreement that the panel recommended be adopted.[1]

On December 26, 1996, Ameritech Michigan and Sprint filed objections to the decision of the arbitration panel. Those filings reflect that the parties have no objections to the panel's resolution of Issues 5, 6, and 10. Those portions of the arbitration agreement to which the

[1]The parties' proposed decisions agreed on the issues to be arbitrated, but arranged and numbered those issues differently. In the arbitration panel's decision, the panel followed Sprint's order, but identified both parties' numbers for each issue.

parties have not objected are properly and finally resolved for the reasons set forth in the arbitration panel's December 16, 1996 decision. The issues that continue in dispute are discussed below.

II.

DISCUSSION

Interconnection

a. Single Point of Interconnection

The first issue addressed in the arbitration panel's decision concerns whether Sprint should be given a single point of interconnection in each local access and transport area (LATA).[2] The decision notes that the parties had agreed to a single point of interconnection for physical linking of the two networks and accepts that agreement. The decision further notes that in the two multiple tandem LATAs in Michigan, Sprint would connect at a single point but agreed to run logical trunk groups to the other tandem or tandems.

Sprint's objection to the resolution of this issue is stated as a request for clarification that Sprint need not provide the trunking to additional tandems, but may compensate Ameritech Michigan to transport its traffic from the tandem to which Sprint is interconnected to the other tandems in the LATA. Sprint states that "this approach will properly compensate Ameritech, but not force Sprint to install facilities which it believes are unnecessary." Sprint's objections, p. 2.

[2]In most cases, the LATA boundaries are the same as those for an area code.

It is not apparent in the transcript of the presentations or the proposed decisions of the parties that the provider of trunking between tandems was in dispute. The Commission finds that Sprint may either establish its own trunking between tandems or, if capacity is available for that use, Sprint may pay Ameritech Michigan to provide the connections with each tandem. However, pursuant its agreement, Sprint remains responsible for arranging logical trunking to each tandem in a multiple tandem LATA.

Ameritech Michigan requests that the Commission clarify that if multiple tandems are deployed in other LATAs in the future, logical trunking to each tandem in that LATA would also be required. The Commission finds that the parties' agreement that logical trunking is needed in multiple tandem LATAs includes LATAs in which multiple tandems are deployed in the future, unless the parties agree otherwise.

b. Multi-Jurisdictional Trunking

Ameritech Michigan objects to the panel's determination that local and intraLATA toll traffic may be combined with interLATA toll traffic on a single trunk group (multi-jurisdictional trunks). Ameritech Michigan first argues that Sprint's proposed use of multi-jurisdictional trunks causes billing problems because Ameritech Michigan cannot correctly separate and identify the type of traffic made on a single trunk and thus could not accurately bill for calls terminated on its network. Moreover, Ameritech Michigan argues, if Sprint does not originate a call that travels through Sprint's switch, Sprint will be unable to identify the traffic type or the carrier that originated the call. Rather, the call will appear to have originated on Ameritech Michigan's network.

Second, Ameritech Michigan opposes combining all traffic on a single trunk group because, with Feature Group D (FGD) trunks, call completion problems arise. Ameritech Michigan asserts that all interexchange carriers use FGD trunks. If Sprint also uses a FGD trunk, Ameritech Michigan's office switches are not capable of switching a call from one FGD trunk to another FGD trunk.[3] When two FGD trunks are connected, Ameritech Michigan asserts, certain information, most notably, the code that identifies the interexchange carrier (IXC) to whom the call should be delivered and billed, is lost, which makes it impossible to deliver the call to the interexchange carrier. Thus, Ameritech Michigan argues, call completion will not always be possible if the Commission adopts the arbitration panel's decision.

Finally, Ameritech Michigan states that the cost burden on Sprint if the Commission adopts Ameritech Michigan's position is minimal, because use of a separate toll connecting trunk (TCT) group for interLATA traffic results in no added cost to Sprint.

The Commission finds that the arbitration panel's determination on this issue should be upheld. It appears to the Commission that economic entry into the market requires that Sprint be permitted to use its existing trunks for all traffic whenever feasible. Sprint has committed to provide accurate, auditable billing records. Moreover, there are ways around the connection problems, as reflected by Suzanne Springsteen's[4] admission that Ameritech Michigan can put local and non-local on the same trunk. The problems for Ameritech Michigan appear to be

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[3]Ameritech Michigan asserts that software does not currently exist for proper routing of a call from one FGD trunk to another FGD trunk.

[4]Ms. Springsteen is Director of Wholesale Interconnection, with Ameritech Information Industry.

billing and measurement problems, which can be reasonably resolved through establishing percentage of use factors.

For these reasons, the Commission upholds the arbitration panel's decision and adopts Sprint's proposed language in Section 4.6.1 of the contract.

c. Electronic Interfaces

Ameritech Michigan argues that the arbitration panel erred in adopting Sprint's proposed language allowing the use of electronic interfaces for certain interconnections pursuant to a fiber-meet arrangement. Ameritech Michigan would require Sprint to interconnect at fiber-meet points with an optical fiber interface, as opposed to an electronic interface. Ameritech Michigan argues that Sprint failed to establish that problems would arise from using optical interfaces. Ameritech Michigan states that adopting its position will not require Sprint to change any other part of its network from electronic to optical equipment except the optical equipment at the fiber-meet.

Ameritech Michigan further argues that adopting its position on this issue will ensure that the networks of both parties are as efficient and reliable as possible. It states that it will incur higher costs if it must first purchase outdated electronic equipment that will later be updated to optical.

Ameritech Michigan adds that if Sprint is allowed the option of electronic interfaces, the Commission should require Sprint to compensate Ameritech Michigan for all costs incurred as a result of Sprint's election to use electronic interfaces for fiber-meet interconnection that exceed the costs for optical interfaces. Ameritech Michigan requests that the Commission adopt Ameritech Michigan's proposed Section 3.3.

The Commission finds that Sprint should have the option of using its already installed electronic interfaces, where possible, on an interim basis. The panel's recommendation does not provide for the use of electronic interfaces for new construction. Therefore, excess costs for electronic interfaces should not be a problem. Thus, the Commission finds that the arbitration panel's adoption of Sprint's proposed Section 3.3 is appropriate.

d. Inclusion of Extended Area Service in Meet-Point Billing

Ameritech Michigan objects to the arbitration panel's determination that the current meet-point billing arrangements between Sprint and Ameritech Michigan for interexchange traffic should be expanded to include extended area service (EAS), as Sprint proposed. Ameritech Michigan argues that Sprint's proposal is not consistent with Schedule 1.2 of the agreement, in which meet-point billing is defined as "an arrangement whereby two local service providers (including an [incumbent local exchange carrier] and a [competing local exchange carrier]) jointly provide exchange access to an [interexchange carrier] for purposes of originating or terminating toll services and each such provider receives its share of the tariffed charges." Ameritech Michigan argues that Sprint's proposed Section 6.1.2 adopted by the arbitration panel, provides for meet-point billing on EAS traffic, which is rated as local, not toll, and which does not involve third-party carriers.

The arbitration panel based its adoption of Sprint's meet-point billing proposal on the inability to accurately measure calls on the mixed trunk groups. However, Sprint's presentation reflects that if Ameritech Michigan must offer transit service,[5] meet-point billing is not needed

[5]Transit service refers to Ameritech Michigan's delivery of traffic between Sprint and a third-party local exchange service provider over Ameritech Michigan's local/intraLATA trunks.

for EAS. As more fully discussed in the following section of this order, the Commission finds that Ameritech must offer transit service. Therefore, there is no reason to impose meet-point billing for EAS traffic, and Sprint's proposed language in Section 6.1.2 is rejected. Therefore, the Commission finds that the meet-point billing proposed by Sprint should not be necessary.

Transit Service

Ameritech Michigan objects to the portion of the arbitration panel's decision that adopts Sprint's proposed rates, terms, and conditions involving transit service. Ameritech Michigan argues that nothing in the FTA requires it to provide such service and, therefore, the issue is not properly one to be arbitrated. It argues that any implication that Ameritech Michigan's duty to provide interconnection with its network includes a duty to provide transit service is contrary to Federal Communications Commission (FCC) precedent that holds that interconnection does not include the transport or termination of traffic. According to Ameritech Michigan, the requirement to interconnect only requires the physical interconnection of two networks. Thus, Ameritech Michigan argues, the arbitration decision goes beyond the requirements of the FTA.

Ameritech Michigan further argues that the panel disregarded the balance created in the FTA between incumbent local exchange carriers (LECs) and their new competitors, and instead substituted its speculation that transit service would promote competition. Ameritech Michigan argues that the possibility exists that transit service would discourage prompt direct interconnection between Sprint and other providers. Ameritech Michigan states that had Congress intended to require incumbent LECs to provide transit service, it could have explicitly stated so in the FTA, but did not.

Therefore, Ameritech Michigan argues, the prices and terms for transit service are not governed by the FTA and are not proper subjects for arbitration. On that basis, Ameritech Michigan requests the Commission to strike this issue from the panel's decision and order that Ameritech Michigan's proposed Section 7.3.3(a)(1)(A) be incorporated in the parties' agreement.

In the Commission's November 26, 1996 order in Cases Nos. U-11151 and U-11152, the Commission rejected the same arguments raised by Ameritech Michigan as follows:

> The Commission finds that Ameritech Michigan's objection to the arbitration panel's determination on this issue should be rejected. As the arbitration panel recognized, absent transit service, new competitors would face a significant barrier to entry due to their inability to simultaneously interconnect with every other LEC. Further, given that an important purpose of the FTA is to encourage the development of competition in local exchange markets, the Commission is not persuaded that the FTA should be interpreted to allow Ameritech Michigan to refuse to perform transiting services. Indeed, nothing in the FTA suggests that Ameritech Michigan may refuse to resell any element, function, or group of elements and functions to AT&T for use in the transmission, routing, or other provision of the telecommunications service simply because a direct interconnection with AT&T and another telecommunications provider might obviate the necessity for Ameritech Michigan to perform transiting service. For a competitive marketplace to flourish, new entrants must be able to provide service to customers in an economically viable manner. Because Ameritech Michigan's proposed language creates a barrier to competition, the Commission finds the arbitration panel properly rejected it.

Order, p. 14.

The arbitration panel's decision follows the Commission's decision as quoted above. The Commission is not persuaded that a different result is required in this case and therefore rejects Ameritech Michigan's objection on this issue.

Branding of Operator Services

Ameritech Michigan objects to the portion of the arbitration panel's decision that would require Ameritech Michigan to unbrand all operator services and directory assistance calls if it is unable to attach Sprint's brand to such calls, arguing that it is inconsistent with the FTA. Ameritech Michigan states that its proposed language provides for rebranding of operator services and directory assistance, where technically feasible. According to Ameritech Michigan, its proposed Sections 10.10.1 and 10.10.2 track the FCC's determination in ¶ 971 of the FCC's First Report and Order, CC Docket Nos. 96-98 and 95-185, issued August 8, 1996 (FCC Order), and give Sprint two options with regard to branding these services. Sprint may either ask Ameritech Michigan to rebrand these services for Sprint resale customers or Sprint may have those calls routed to Sprint's own operator services and directory assistance services platform. In Ameritech Michigan's view, this is precisely what the FCC requires.

Ameritech Michigan asserts that nowhere does the FCC require that if these services cannot be rebranded, they must be unbranded for all calls. In fact, Ameritech Michigan argues that to require it to unbrand all such calls would violate established rules concerning the immediate identification of operator services for public telephones, such as pay telephones or telephones in hotels and hospitals. See 47 CFR 64.703.

Finally, Ameritech Michigan argues that Sprint has really requested that the Commission prohibit Ameritech Michigan from branding any calls, if Sprint determines not to incur the costs necessary to rebrand resold services. Ameritech Michigan states that Sprint's choice should not eliminate Ameritech Michigan's ability to brand its own calls.

The Commission finds that the language requested by Sprint should not be included in the contract. Ameritech Michigan must comply with Sprint's request to rebrand or unbrand operator and directory assistance services, unless it has demonstrated to the Commission that the request is not feasible. Ameritech Michigan has not yet demonstrated that any requested rebranding or unbranding of these services is not feasible. Thus, unless Ameritech Michigan should later prove to the Commission that a request is not feasible, Ameritech Michigan must provide the rebranding or unbranding requested.

The Commission is persuaded that to require Ameritech Michigan to unbrand all of its operator services and directory assistance services in cases in which rebranding or unbranding is not feasible might result in the inadvertent violation of FCC rules. Further, the Commission does not read ¶ 971 of the FCC Order to require that all operator or directory assistance services be unbranded when it is not feasible in one small area to unbrand or rebrand these services. Moreover, the Commission notes that Ameritech Michigan offers operator and directory assistance services on an unbundled basis, for which rebranding is not apparently a problem. Thus, Sprint has the option of either paying for rebranding, where feasible, or having calls directed to its own operator services platform.

The Commission thus rejects the language proposed by Sprint in Section 10.10.1 of the contract.

Manual Interfaces

Ameritech Michigan objects to the arbitration panel's adoption of Sprint's proposed language to preserve manual interfaces for operations support systems. Ameritech Michigan states that Sprint desires to slow down progress to electronic interfaces, which the FCC has